

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2006-05

December 13, 2006

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman Ed Buonaccorsi opened the meeting with introductions at 12:00 p.m.

Committee Representatives Present

Scott Baker
Ed Buonaccorsi, Chairman
John Cerini (Vice-Chairman)
Terry Mann
Raj Pankhania
Ron Popp

Jurisdictions

City of Pleasanton
City of Santa Rosa
City of Vallejo
County of Contra Costa
City of Hercules
City of Millbrae

Members Absent

Jennifer Mennucci

Golden Gate Bridge District

Staff Present

Henry Gardner
Joseph Chan
Jerry Lahr
Vina Maharaj
Kenneth Moy

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ABAG POWER
ABAG POWER
ABAG

PUBLIC COMMENTS/ANNOUNCEMENTS

This being the subsequent meeting to the Annual Board of October 18, 2006, the following newly elected/appointed members of the Executive Committee were acknowledged.

Ed Buonaccorsi, City of Santa Rosa – Chairman
John Cerini, City of Vallejo - Vice-Chairman
Scott R. Baker, City of Pleasanton, Executive Committee member
Raj Pankhania, City of Hercules, Executive Committee member

MEMORANDUM

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Announcement by Jerry Lahr: At ABAG's Fall General Assembly as well as the Bay Area Quality Management District's recent Climate Protection Summit, which included a presentation by Al Gore, and other regional events, much discussion was focused on topics like green-house gas reduction and climate action. Lahr suggested that the Executive Committee contribute ongoing thoughts and discussions on these subjects.

APPROVAL OF SUMMARY MINUTES OF August 16, 2006 MEETING

Motion was made by Mann/S/Popp/C/5:0:0 to approve the Summary Minutes of August 16, 2006 Executive Committee Meeting.

REPORT ON NATURAL GAS PROGRAM

Working Capital Deposits and True-up Adjustments

In June 2006, the Executive Committee approved to increase the working capital deposits by \$300,000 (in order to bring the deposits up to 1.7 months worth of expenditures) and to prorate these additional working capital deposits to the members over the same period as the 2005-06 true-up

ABAG POWER started applying the 2005-06 true-up adjustments and working capital deposits with their December 2006 invoice.

Imbalance Tracking Chart

ABAG POWER, as a requirement of being a natural gas supplier, has always tracked its gas imbalances with PG&E. However, as brought to the attention of the Executive Committee at the beginning of 2006, the program has had difficulty maintaining its Operating Imbalance at a reasonable level, due to various factors, mainly, lack of better PG&E estimates as well as the three-month delay in reporting numbers.

ABAG POWER as well as other gas aggregators have asked PG&E to fix the models they are using, and to gross up the Determined Usage numbers by a certain percent in order to mitigate the imbalances.

Lahr said that over the summer and early fall months, ABAG POWER bought extra gas and traded it against the Operating Imbalance, however, this strategy will ultimately affect the program's financial statements and performance numbers. He provided the members with a chart, demonstrating ABAG's core aggregation operating imbalance tracking. Lahr said that when the October imbalance numbers are received, he expects to be well within the range set by the Committee.

Monthly Summary of Operations

Lahr provided members with the monthly Summary of Operations report for FY 2006-07. He said that the start of the new fiscal year is looking grim with a cumulative savings in July of -64.1%,

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which is due to several causes. The biggest cause being the excess gas purchased in July and traded against the Operating Imbalance. Secondly, due to a couple of fixed priced (\$9.00 plus) contracts which are higher than market rate. Thirdly, because the operating expenses are allocated on a per-therm basis across a fewer number of therms during the summer months due to less gas usage.

There was discussion about the calculation of ABAG POWER rate versus the PG&E rate. The members agreed that the methodology used to calculate the PG&E rate should be kept the same for now, however, suggestions were made to add extra line items to the spreadsheet to show savings over the past year, and savings over the past two years. Over the next several meetings, the committee will look at this matter and present options.

Budget Update

Lahr presented a Revised Operating Budget and a Levelized Charge Calculation for FY 2006-07 for approval.

Motion was made by Cerini/S/Baker/C/5:0:0 to approve the Revised Operating Budget with the exception to leave the Levelized Payment Schedule as previously approved in the June 2006 budget.

ABAG ENERGY WATCH UPDATE

Lahr provided the members with an update on the ABAG Energy Watch Program. He said the program has already enrolled thirty-three members and has held a series of kick-off meetings of various groups of counties and cities. The Program, through its prime implementer Energy Solutions and in coordination with PG&E, is now striving to move projects forward.

2007 MEETING SCHEDULE

Motion was made by Baker/S/Popp/C/5:0:0 to approve the 2007 Executive Committee meeting schedule as presented.

OTHER MATTERS

- Environmentally sensitive issues are on the top of the agenda at the City of Santa Rosa. There is a 20% mandate to reduce the greenhouse gas by 2010. They are looking to purchase another form of energy, a greener energy.
- Solar Program credits
- Global Warming
- Education for the Executive Committee on various greener energy topics.
- ABAG website www.abag.ca.gov has a set of power point presentations from the October, 2006 General Assembly which includes "Best practices by Local Governments".

MEMORANDUM

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Agenda Item #3
Attachment A



CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]
Natural Gas Market Manipulation Litigation.

Chairman Buonaccorsi reported out of closed session that an update was provided by staff to the Executive Committee. No action was taken in closed session.

ADJOURNMENT

Chairman Buonaccorsi adjourned the meeting at 1:30 p.m.

/vm

*Example of a motion – *[Member No. 1/S/Member No. 2/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions